

Rowena Smith sits down with Jack Lifton on ASM's 'Mines to Metal' Advantage in Supplying Rare Earths

written by InvestorNews | March 17, 2024

During an interview at PDAC 2024 in Toronto, Jack Lifton of InvestorNews sat down with Rowena Smith, the Managing Director of [Australian Strategic Materials Ltd.](#) (ASX: ASM), to delve into the company's position and strategic initiatives within the rare earths and permanent magnet supply chain. Smith elucidated ASM's comprehensive strategy, spanning from "mine to metal," highlighting their advanced development project in Dubbo, New South Wales, and their operational metals plant in South Korea. The company has successfully commenced production of neodymium praseodymium (NdPr) metal and neodymium iron boron (NdFeB) strip alloy, which are essential components for sintered magnets used across various technological applications. Smith proudly noted ASM's pioneering role as the first Australian entity and one of the few globally to achieve such depth in the supply chain outside of China, emphasizing the critical nature of their work in diversifying the global supply chain and reducing dependence on single-source suppliers.

Smith also detailed the Dubbo Project's progress, underlining its pivotal role in ASM's mine-to-metals business model for supplying rare earths and critical minerals. Funding and securing off-take agreements are current priorities, with the project's engineering, exploration, and permitting stages already completed. Smith's participation in a U.S. trade delegation and discussions with U.S. government departments

reflect a strong international interest in funding the project. These interactions highlight the alignment between Australian and U.S. interests in establishing a sustainable and transparent critical minerals supply chain. ASM's engagement with various U.S. government agencies and the passage of legislation recognizing Australia as a 'domestic source' for U.S. Department of Defense procurement showcases the international efforts to bolster critical mineral supply chains outside of China. The company's ongoing discussions for offtake agreements and advancements in metallization capability at the Korean Metals Plant further underscore ASM's commitment to securing a robust position within the global supply chain of rare earth metals and alloys.

To access the complete InvestorNews interview, [click here](#)

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About Australian Strategic Materials Ltd.

Australian Strategic Materials (ASX: ASM) is a vertically integrated 'mine to metals' producer of critical metals for new growth industries, high technologies and sustainable energy solutions. ASM operates a metals plant in Ochang, South Korea which is currently producing critical metals and alloys to customer specifications. The initial production focus is on neodymium praseodymium (NdPr) and neodymium iron boron (NdFeB). Currently, ASM sources the rare earth oxides for the production of the critical metals at its Korean Metals Plant (KMP) from a third party located in Vietnam. The company's Dubbo Project, is a long-term resource of rare earth elements, zirconium, niobium and hafnium, located in New South Wales, Australia. ASM intends

to develop the Dubbo Project to produce metal oxides which will be used for refining into critical metals at ASM's KMP and subsequent plants that may be established in other jurisdictions.

To learn more about Australian Strategic Materials Limited, [click here](#)

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Ara Partners Acquires
Vacuumschmelze: Mission
Critical in the Electric

Vehicle Landscape

written by Tracy Weslosky | March 17, 2024

In a game-changing move within the sustainable transportation sphere, Ara Partners announced its acquisition of Vacuumschmelze (VAC), a renowned global producer of advanced magnetic materials. This strategic partnership is set to reshape the future landscape of electric transportation, particularly given VAC's recent notable partnership with automotive giant, General Motors (NYSE: GM).

Neo Performance Materials Establishes a Brighter Future with New Permanent Magnet Plant in Estonia

written by InvestorNews | March 17, 2024

They say in tough times it makes sense to make acquisitions and expand the business ready for the cyclical upturn that inevitably follows. Well, that is what today's company is doing with a new acquisition, a new investment, and the commencement of construction of a new permanent magnet facility.

Neo Performance Materials Inc. (TSX:

NEO) (“Neo”)

[Neo Performance Materials](#) manufactures advanced industrial materials including magnetic powders and magnets, specialty chemicals, metals, and alloys. These products are critical to the performance of many everyday products and emerging technologies.

Neo has recently acquired 90% of SG Technologies Group Limited, invested to acquire 44% of Neo North Star Resources, and completed the groundbreaking for a new permanent magnet manufacturing plant in Narva, Estonia. They also delivered a record [Q2 2023 revenue](#) of US\$170.4 million, albeit with lower adjusted net income for the quarter.

SG Technologies Group Limited’s 90% acquisition






As [announced](#) on April 18, 2023, Neo has agreed to acquire 90% of SG Technologies Group Limited (“SGTec”) for “an initial payment of £10.8 million (US\$13.4 million) plus future earn-out considerations of between 0 and £5.4 million (US\$6.7 million) based on Adjusted EBITDA performance over the SGTec’s fiscal years 2024 through 2026.” SGtec is one of Europe’s leading advanced, specialty manufacturers of rare earth and other high performance magnets. The announcement [stated](#):

“Today, SGTec produces a variety of high-performance magnets and magnetic assemblies for some of the world’s leading brands in electric and hybrid vehicles, multi-fuel and medium-duty engines, hydrogen fuel cell vehicles, off-highway fuel systems, automotive systems, and consumer electronics. It is recognized as a leader in the production of fully dense bonded neodymium-iron-boron (“NdFeB”) magnets, soft magnetic composites (used in

high-speed solenoids and electric motor applications), and other high-performance magnets.”

A summary of SGTec’s business – now 90% owned by Neo Performance Materials

Your partner for engineered magnetics solutions

 <p>Magnetics Excellence</p> <p>Magnetics is at the heart of everything we do.</p> <p>Learn more</p>	 <p>Be part of the Future of Magnetics</p> <p>We are seeking new talent to join our team.</p> <p>Learn more</p>	 <p>Sustainability</p> <p>Sustainability is at the forefront of our business.</p> <p>Learn more</p>	 <p>Advanced Production Technologies</p> <p>We design and build bespoke production solutions.</p>	 <p>Transport Electrification</p> <p>Our products help power some of the world's most technologically advanced electric motors</p>
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Source: [SGTec website](#)

Investment to acquire 44% of Neo North Star Resources

In Q2, 2023 Neo completed an investment of [~US\\$4.5 million for a 44% stake](#) of Neo North Star Resources Inc. (“NNSR”), including an off-take agreement of 60% of the product produced. NNSR is a JV between Neo and North Star Resources which owns the license for the Greenland Sarfartoq Rare Earth Project. Neo’s plan is for the Project, once in production, to be a source of neodymium and praseodymium (“NdPr”) for their Estonia rare earth separations plant.

You can read more details [here](#) about the Neo North Star Resources Inc. JV and the Greenland Sarfartoq Rare Earth Project [here](#).

Permanent magnet manufacturing plant in Estonia

As [reported](#) on July 7, 2023, Neo has commenced construction of their European permanent rare earth magnet Plant in Estonia. Interestingly the Plant will recycle end-of-life magnets to make new permanent magnets. High-purity magnetic rare earth oxide feed will come from Neo's existing rare earth separations plant in Estonia. Once in operation, the two Neo plants will form Europe's first and only fully integrated supply chain for sintered rare earth permanent magnets designed to produce specialized rare earth permanent magnets for use in electric vehicles, wind turbines, and other clean energy technologies.

Neo [state](#):

"Phase 1 production of 2,000 tonnes/year is slated to begin in 2025, an amount that can support the manufacturing of ~1.5 million electric cars. Neo's expected Phase 2 production of 5,000 tonnes/year can support the manufacturing of ~4.5 million electric cars."

Given the [typical forecasts](#) for global plugin electric cars is an increase from ~14 million pa in 2023 to ~24 million pa by the end 2025 and ~50 million pa by the end of 2030, there should be enormous demand for permanent rare earth magnets, even if some cheaper EVs choose to use inferior magnets. Added to this will be all the other demand areas such as wind turbines etc.

The recent groundbreaking ceremony of Neo's new rare earth magnet manufacturing facility in Estonia, Europe (set to begin in 2025)



Source: [Neo news July 7, 2023](#)

Record Q2 2023 revenue, but lower adjusted net income

As [reported](#) on August 11, 2023, Neo achieved record Q2 consolidated revenue of US\$170.4 million compared to US\$168.2 million for the same period in the prior year; an increase of \$2.2 million or 1.3% YoY. Adjusted Net Income was US\$2.5 million (US\$0.05 per share), down from US\$15.9 million (US\$0.39 per share) in the corresponding period of the prior year. Neo ended Q2, 2023 with a cash balance of US\$126.9 million, after funding acquisitions and investments of \$16.1 million, distributing \$6.7 million in dividends to its shareholders, and repurchasing \$1.2 million of shares.

[New Neo Performance Materials CEO](#), Rahim Suleman, [stated](#):

"Despite the subdued market environment for rare earth magnetism, and continuing lead-lag pricing challenges that we must navigate, our top-line performance was helped by high

volumes for value-added rare earth products outside of China. This performance generated healthy cash from operations and free cash flow, which allowed us to fund the acquisition of SG Technologies Group Limited, the investment in Neo North Star Resources, and the groundbreaking for our permanent magnet manufacturing plant in Narva, Estonia. Neo continues to be well positioned to execute our future growth initiatives."

Closing remarks

Neo is using the tough current market conditions to grow their business ready for the next cyclical upturn. Neo has done this via a clever acquisition and investment, combined with pushing forward on a new permanent magnet plant in Estonia. The current subdued demand for magnet products (typically used in powerful electric motors such as wind turbines and electric vehicles) will turn around at some point. And when it does Neo should potentially be better positioned than where it was before we entered the current global slowdown, at least in terms of its product lineup and supply chain.

Neo Performance Materials trades on a market cap of [C\\$393 million](#).

Fluctuations in Rare Earth Prices: Understanding the

Dynamics

written by Tracy Weslosky | March 17, 2024

Rare earth elements, a crucial component in our modern technological world, have seen dramatic price fluctuations in recent months. I sat down with Alastair Neill, a Director for the Critical Minerals Institute (CMI), to get a better understanding of these market dynamics.

American Rare Earths' Melissa Sanderson on the 'potentially rich deposit' of magnetic materials in Wyoming

written by InvestorNews | March 17, 2024

Jack and Melissa also discussed geopolitical elements in the rare earths' landscape. Despite potential shifts in the White House and its policy approach to mining and natural resources, Melissa expressed optimism. She referenced an unprecedented bipartisan agreement on the Hill. On one side, the left is driven by the demands of climate change and the pursuit of a more sustainable economy. On the other, the right is focused on national security and the reduction of dependence on foreign entities like China.

Common Nonsense about Rare Earth Permanent Magnets

written by Jack Lifton | March 17, 2024

The common wisdom among the elites in Western capitols and among the “captains” of the Western industry is that the critical minerals supply issue is one that can be always solved by an increased allocation of capital, better known as “raising the offering price to increase the supply.” This is nonsense, for critical technology minerals, but a person can realize this only if he has studied and gained a basic, general, understanding of geology, mining, and economics and has the ability to reach logical conclusions based on reproducible, independently verified data. The absolute quantity of natural resources available to humanity is limited, first and foremost, by geology and then by technology and, finally, economics. It’s not how much money it would cost, but rather how much of our productive economy we are willing to give over for the extraction, refining, processing, and fabrication of products based on lithium, or cobalt, or the rare earths, or all three and even more of these uncommon technology metals.

Iluka Resources is building

Australia's first fully integrated rare earths refinery

written by InvestorNews | March 17, 2024

Iluka Resources Limited (ASX: ILU) ("Iluka") is an Australian critical metals producer, specializing in mineral sand mining and processing. Iluka is the world's largest producer of zircon, a major producer of high grade titanium feedstocks rutile and synthetic rutile, and is set to become a significant global supplier of refined rare earths from 2025.

Appia adds another rare earths project to their portfolio, this time in Brazil

written by InvestorNews | March 17, 2024

Appia has now grown to own (including the 70% agreement to acquire the PCH Project) four significant rare earths/uranium projects globally. The very high grade Alces Lakes continues to be the flagship but now the new Brazil Project adds further to their portfolio. It also gives Appia a chance to significantly accelerate towards being a global rare earths producer at some point in the future.

A Tale of Two Critical Mineral (Rare Earths) Markets, the Subsidized and the Unsubsidized

written by Jack Lifton | March 17, 2024

The twenty-first century began with an unprecedented (outside of war) mammoth growth of demand for the ores of the structural metals (a/k/a base metals, such as iron, aluminum, copper and the alloying elements for steels). Brazilian, Australian, and Indian iron ore miners whose American, Japanese, and European markets had matured were thrilled. Chile, Jamaica, Africa, and Polynesia prospered. China, the source of the new demand, just grew and grew into the world's newest manufacturing center.

The ironically named “progressives” of the West are those who think that progress is attainable only under a benevolent central government run by elites dedicated to prosperity for all. Of course, this definition makes the logical error of self-reference, progress is whatever the progressives say it is. The simple fact that progress, defined as an uplifting of all, is only possible through wealth creation and its wide distribution and that, by far, the best system for doing this, so far created, has been free market capitalism, has been rejected by the self-serving “elites” who today hold elective office and control the permanent civil services of the West.

The fact that today's Western elites consider only themselves, their narrow clique, worthy of defining, being the beneficiaries

of, and promoting progress has not escaped the attention of the 90% of the world that does not live in the United States or Europe.

In the nineteenth and twentieth centuries, the use of military power by European states was after the World Wars followed by the economic domination of the United States to continue to guarantee the flow of cheap mineral resources to the self-serving progressive fantasists of the West. That era is closing. The revolt against their exclusion, first by the Germans and the Japanese, was to mimic the imperial style of Britain and France. This failed in both instances as did the similar Russian (Soviet) attempt, but they bought the United States a century of world domination. This era is now closing as the progressive fantasists have destroyed its ability to create and fairly distribute wealth.

For the last generation the financializers who replaced the engineers as CEOs of American and European OEMs have moved the majority of manufacturing off-shore and witlessly (not unwittingly) caused the metals processing and fabricating industries to relocate closer to their raw material sourcing and new end-users. This second move, of the minerals and metals processing industry, perhaps even more than the move of the OEMs, was an unintended gift to a China that no one foresaw as a global industrial powerhouse aborning.

The perspective of necessary time must be examined to understand the deleterious effect of Western financialization on commodity production and pricing. There is an excellent example of this in the attempt to “reshore” a total rare earth permanent magnet supply chain.

The massive Chinese dominance in the total supply chain to produce rare earth permanent magnets did not occur overnight,

and it will not and cannot be rectified (in the sense of being made irrelevant) in any short period of time. By which I mean years. In fact, China controls the market for rare earth permanent magnets, because it first built or acquired control over the overwhelming majority of rare earth minerals on this planet. This occurred simultaneously with the West giving over to China the technology to separate the mixed rare earths extracted from the ore into individual rare earth compounds. This was followed by the technology to make rare earth metals, alloys, and permanent magnets. This overall agenda, supported by the building, in China, of a strong and focused educational system to support a world-class technologically advanced nation, has established in China a, long-term, holistic approach to acquiring, developing, supporting the mass production of, and deploying state-of-the-art technology to its people for the last 25 years. What does this mean for the West?

An example of the approach taken by America, the former leader, in technology and its deployment is illustrative: There are two separate domestic (North) American markets for rare earth permanent magnet (REPM) enabled devices; the military and the civilian. Dishonest attempts at promoting and marketing rare earth projects to investors have confused not only the low information "journalists" who cover this story but also the self-designated rare earth experts, in particular the ones who refer to their work as "intelligence."

The military "need" for REPMs can be defined very simply. The lighter the weight of the components of a weapons system the larger can be the weight of the explosives in the weapons. Rare earth permanent magnet motors (REPMs), are also, by weight, the most efficient converters of electricity to mechanical motion of all types of electric motors. Thus a warship whose propeller shaft is the rotor of a large electric motor is easier to maintain than one that is the end of a gear train from an

immense diesel engine. Better to use the diesel engine to generate the electricity for the drive motor and have (lithium-ion) batteries for backup during diesel engine service or in case of breakdowns. And what about those electromagnetic catapults on an aircraft carrier? REPMs are a lot easier to maintain than AC motors and a battery backup can save an expensive aircraft and its pilot's life in an emergency where the electricity supply from the reactor/generator is interrupted. And the fin actuators on a "smart" bomb... The actual demand for REPMs by the U.S. military is classified, but in 2013 it wasn't, and the number bandied about then was 1000 mt/year. The coming into service of new stealth fighters and direct electric propulsion ships and electromagnetic catapults since then has surely increased the demand for REPMs by the military. Let's say then that it must be 3000 tpa by now. Oh, and I forgot to mention all of these active military uses for REPMs in extreme conditions mean that they run hot. This means they must be of the type that uses the very rare rare earths, dysprosium and terbium, as well as the even rarer metal, gallium, in their construction. As of this writing 100 percent of the world's supply of Dy and Tb is processed in China.

Now let's look at the North American civilian market for REPMs. An internal combustion, fossil fueled vehicle produced in North America today has between 25 and 50 micromotors. All of which are REPMs. The total demand for REPMs to construct these motors is 0.5kg/vehicle. Even so, in a typical model year, the domestic American OEM automotive industry uses 8,500 mt of REPMs. But now, a major change is in the wind. A drive motor for a battery powered electric vehicle, if it is of the REPM type, uses 2.5 kg of REPM! Thus each BEV that uses a REPM for traction (drive) requires 5-10x the amount of REPM that an entire ICE powered vehicle requires!!

What began as a financial system to maximize profits has now

created a dual market in critical minerals, the Chinese and the Rest of the World, (C+ROW). The financializers, their work done and rolling in the profits of their selfish misdeeds have now returned the problem of the security of supply chains back to the engineers. The dual commodity markets though will sharply reduce profits and the West's capital is in the hands of those whose only interest is in the accumulation of money not the creation of wealth.

The military can pretend that increased prices for the support of domestic self-sufficiency don't matter by subsidizing the military-industrial complex with "cost-plus" awards. The consumer economy does not have that luxury.

The latest existential crisis (the first such crisis was the ancient fear of God's wrath by floods), "climate change," has now pitched this dual commodity pricing problem to the forefront.

There is not enough of the critical metals for EV batteries and drive motors, not already under the control of China, to convert the global fleet of ICE vehicles to battery electric operation. Nor can there ever be.

China, alone, is and will remain self-sufficient in the critical metals necessary to convert its domestic ICE fleet to BEV operation and to produce enough stationary storage to be able to convert a large part of its domestic energy production by intermittent sources, wind and solar, to reliable maintenance of the grid.

The ROW (rest of the world), if it adopts the mandates of the Green Revolution, will have to choose winners and losers. There can be enough lithium, neodymium, praseodymium, dysprosium, and terbium produced outside of the control of China for some countries to achieve a significant fraction of their electricity

by non-fossil fuel methods and the conversion of some of their transportation to electric operation. But those countries will have to together or individually create markets for the production and processing of those metals independent of Chinese control and pricing. This means permanent subsidies to miners, refiners, fabricators, and consumer and military product manufacturers. This means a lowering of living standards to pay for the subsidies.

Perhaps it's time to rethink the Green New Deal. Are the consequences worth the decline of the West? Is climate variation really an existential crisis? And, how much longer can we ignore 90% of the world's population that has most of the critical minerals we need within their control??

Examining the Pricing Challenges of Rare Earths in China's Market from a Global Perspective

written by Jack Lifton | March 17, 2024

Ten years ago during the last rare earths supply "crisis," Mr. Yi Gang, then Vice Governor of the People's Bank of China, said,

"In addition to boosting the flexibility of the Yuan exchange rate, China also should adjust resource prices to address imbalances, as many resources are still traded in China at

below their natural prices. China also should boost wages and social benefits to lift consumption, step up its enforcement of environment regulations and undertake other structural reforms to address imbalances."

Repeat after me: *The selling prices of the rare earths and other commodities within China are still today too low.* Thus, if the Chinese Government did not strictly control their export then the market would drive much of, if not all of, the supply out of China chasing the higher prices in the foreign marketplace. One current driver for such a foreign accumulation would be the stocking of strategic materials (stockpiling) by governments to protect their domestic industry's security of supply. Another driver could well be inventory building by once-burned, twice-shy private corporations, finally reversing the 50-year reign of the just-in-time, no-inventory philosophy, which was a principal driver in the creation of this problem.

Danger to China's industrial supply

Chinese central planning economists, however, also see this danger to Chinese industrial security of supply. And, by extension, potentially then leading to high unemployment in the very important domestic Chinese alternate energy, green, and cleantech sectors,

I don't think that the Chinese central bank, the People's Bank of China (PBOC) wants to buy commodities as an alternative to U.S. Treasury Bonds, because this could disrupt the commodities market. It would cause price volatility in the very asset trying to be used to stabilize prices and the currency. Even more importantly, no commodity accumulation of sufficient size to soak up excess Chinese liquidity would be likely to make a dent in reserves as large as those of China in any case, but it would

certainly interrupt the flow of raw materials for industry.

Volatility in commodity prices

Note that the dramatic swings in commodity prices in the Western economies since 2008, a result of too much free money needing a home, known as the commodity “Supercycle” has massively damaged the manufacturing sectors of most of the world by driving up manufacturing costs and the prices of consumer goods while simultaneously fueling inflation. China has massively benefited from this foolish cycle because the prices of all of the commodities in the Supercycle are set by China’s dominance in their sourcing, processing, and end-use. The increased prices that [Tesla](#) (NASDAQ: TSLA) pays for rare earth permanent magnet drive motors and lithium-ion batteries directly benefit China.

The PBOC is determined to force China to grow its consumer sector without causing inflation, one of the two of the PBOC’s greatest fears. The other is a massively corrected and thus much more expensive Yuan. Yet by continuing to buy up surplus and hot money inflow dollars at a fixed rate, the PBOC feeds (and it knows it is feeding) inflation and increases the pressure on it (the bank) to revalue the Yuan or let it float.

Are rare earths priced too low in China

The prices of rare earths in China will have to increase soon or smuggling will become uncontrollable. That is human nature. In the long run, the production of rare earth metals outside of China will help the Chinese by increasing the global supply and reducing global prices and thus eliminating the need for export controls. This is doubly true when one considers that China itself is the world’s biggest market for rare earth metals, and its neighbor, Japan, accounts for almost all of the rest of the global demand.

The rare earth mining economy within China is tiny as a proportion of the GDP. However, the number of jobs dependent critically on the properties of the rare earth metals required to manufacture green, clean, communication as well as entertainment technologies, is not trivial. China's central planners' dilemma is that it must keep rare earths cheap in order not to drive rare-earths-based component jobs offshore to lower-cost countries such as Vietnam or India. Its own entrepreneurs are already doing this, by the way.

The result for junior miners with rare earth claims is that the race is on to produce more of what China needs to be produced outside of China, to relieve the pressure on its two-tier pricing economy for commodities such as rare earths.

The Chinese government maintains strict overall control of China's economy from Beijing. Chinese businessmen, however, have the same mindset as any other businessmen, maximize profit and reduce costs. In today's China, the government wins. It just may use a meat ax rather than a scalpel to enforce its decisions, such as with the rare earths recently.

Final thoughts

But to think that Chinese economists and central bankers do not see the problem is foolish.

I believe that the selling prices outside of China of the rare earths will continue to be robust until, and if, there is significant non-Chinese production of rare earths. Then if demand exceeds supply, which I think is likely, there will be a massive culling of those companies not in production, or of those that are too large, or have too high costs, or are too skewed to light rare earths.

So long as China continues to maintain that its supplies are

being exhausted, the prices of the heavy rare earths must continue to be strong and even climb. If China does not find domestic new supplies of dysprosium and terbium then it will become increasingly dependent on its “near shore (to China)” suppliers such as Myanmar and need to cultivate “friend shoring” from places like Brazil, which, in case you didn’t notice, is happening right now!

Be cautious when investing in the rare earth sector. Very large forces are intersecting in it and could make prices very volatile in the near term, or even permanently.